

Message Text

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10

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 SAJ-01 SAM-01

/105 W

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R 080732Z MAR 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4848

INFO AMEMBASSY ABU DHABI

AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY CAIRO

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY WARSAW

USMISSION OECD PARIS UNN

USMISSION EC BRUSSELS

C O N F I D E N T I A L KUWAIT 1126

E.O. 11652: GDS

TAGS: EFIN, PFOR, KU, UR

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SUBJECT: SOVIET FINANCIAL DELEGATION VISITING KUWAIT

1. BEGIN UNCLASSIFIED. A THREE MAN SOVIET FINANCIAL DELEGATION LED BY A SENIOR CENTRAL BANK OFFICIAL IS VISITING KUWAIT. BASED ON NEWSPAPER REPORTS THE SOVIET DELEGATION APPEARS TO BE INTERESTED IN (A) OBTAINING HARD CURRENCY DEPOSITS FROM KUWAIT TO BE PLACED IN SOVIET BANKS, (B) FINANCING FOR PROJECTS IN THE USSR, (C) FINANCING FOR TRILATERAL PROJECTS IN THIRD COUNTRIES AND (D) KUWAIT PARTICIPATION IN A JOINT SOVIET-ARAB BANK. LOCAL NEWSPAPERS QUOTED UNNAMED OFFICIALS AND INFORMED SOURCES AS SAYING THAT KUWAIT MAY BE INTERESTED IN PLACING DEPOSITS IN THE SOVIET UNION AND IN PARTICIPATING IN PROJECTS IN LDCE WITH THE SOVIETS, BUT THAT PARTICIPATION BY KUWAIT IN PROJECTS IN THE USSR OR IN THE SOVIET-ARAB BANK WAS UNLIKELY.

2. THE SOVIET TEAM, WHICH IS THE FIRST SUCH DELEGATION EVER TO VISIT KUWAIT, MET WITH SENIOR MINISTRY OF FINANCE OFFICIALS. THE GROUP IS VISITING KUWAIT AT THE INVITATION OF FOREIGN MINISTER SHAIKH SABAH AL-AHMAD WHO VISITED THE SOVIET UNION LATE LAST YEAR. END UNCLASSIFIED.

3. BEGIN CONFIDENTIAL. COMMENT: WE DO NOT KNOW WHETHER THE GOK TOOK THE INITIATIVE IN INVITING THE SOVIETS OR WHETHER, INSTEAD, THE KUWAITIS WHILE IN MOSCOW WERE MADE AN OFFER THEY COULD NOT REFUSE. A SENIOR MINISTRY OF FINANCE OFFICIAL DID ACCOMPANY THE FOREIGN MINISTER TO MOSCOW, AND IN A SENSE THE SOVIETS ARE ONLY THE LATEST COUNTRY, AND A LATE COMER AT THAT, TO DISCUSS FINANCIAL COOPERATION WITH KUWAIT. AS DEPARTMENT AWARE, KUWAITI INSTITUTIONS WITH FULL SUPPORT OF GOK HAVE MANAGED SEVERAL HUNDRED MILLION DOLLARS WORTH OF LOANS IN PAST TWO YEARS FOR YUGOSLAVIA, ROMANIA, HUNGARY AND MOST RECENTLY POLAND. WE KNOW THAT CZECHS AND EAST GERMANS HAVE ALSO BEEN SEEKING A BREAKTHROUGH WITH KUWAITIS, ALTHOUGH WITH LITTLE SUCCESS SO FAR.

4. KUWAITIS, THEREFORE, HAVE BECOME USED TO DEALING IN FINANCE WITH EASTERN EUROPEAN COMMUNIST STATES. WE ARE AWARE OF SOME INTERCOURSE WITH RUSSIANS EITHER BY
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PLACING DEPOSITS IN SOVIET BANKS OUTSIDE SOVIET UNION OR, IN CASE OF LOCAL COMMERCIAL BANK THAT HANDLES SOVIET ACCOUNTS HERE, BY PLACING SOME FUNDS IN MOSCOW ITSELF. VISIT OF SOVIET TEAM AND NATURE OF DISCUSSIONS, HOWEVER, SUGGEST THAT SCOPE OF KUWAITI-SOVIET FINANCIAL DEALINGS IS TO EXPAND AND BE CARRIED ON MORE OPENLY AND AT A HIGHER LEVEL. FROM PRESS ACCOUNTS, WE DETECT SOME KUWAITI UNEASINESS AT PROSPECT OF GREATER FINANCIAL INVOLVEMENT

WITH SOVIETS AND AN AWARENESS THAT A DEVELOPMENT OF
GREATER THAN PASSING IMPORTANCE IS BEING CONSIDERED.
ALTHOUGH LOCAL PAPERS CANNOT BE COUNTED ON TO BE FULLY
ACCURATE IN REPORTING ON VISIT, WE THINK ARTICLES WE HAVE
SEEN ARE CLOSE TO THE MARK IN INDICATING WHAT KUWAITIS
WILL BE WILLING TO DO AND WHAT THEY WILL NOT WISH TO DO,
AT LEAST FOR NOW. IN SHORT, GOK APPEARS WILLING TO MAKE
ANOTHER SOMEWHAT CAUTIOUS STEP TOWARD EXPANDED RELATIONS
WITH THE USSR WHICH COINCIDES WITH SIMILAR DEVELOPMENTS
IN BILATERAL MILITARY RELATIONS.

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